

RICHMOND, VA., FRIDAY, APRIL 3, 1914.

Why Richmond Captured the Federal Reserve Bank

GREAT CAMPAIGN BY BUSINESS FOLK FOR RESERVE BANK

Sands Took Up Question With Clearing House, and Then Called General Meeting, at Which Plans Were Formally Launched.

COMMITTEES SENT TO NEAR-BY STATES TO ENLIST SUPPORT FOR MOVEMENT

Wonderful Spirit of Co-Operation Shown by Banks, Railroads and Commercial Organizations—Carolinas Loyal in Standing by Chief City in District—Governor Mann First Suggested to Sands That Richmond Endeavor to Secure Bank to Be Established Under Currency Law—First Meeting Held on December 29, at Which Fight for Honor Was Begun.

On December 2, 1912, Governor William Hodges Mann addressed a letter to Oliver J. Sands, president of the American National Bank, calling attention of the banks to the fact that the Federal government was about to establish under the new currency law from eight to twelve Federal reserve banks, to serve territory to be later designated by a committee composed of the Secretary of the Treasury, the Secretary of Agriculture, and the Comptroller of the Currency.

Mr. Sands, realizing at once the importance of this fact, took the matter up with the members of the Richmond Clearing House. The chairman of that body did not consider it worth while to take the matter up formally, and four out of the six banks in the clearing house thought it would be useless to work for a bank for Richmond.

Mr. Sands, on December 24, called a meeting for December 29 of all the banks and trust companies of Richmond to consider the matter. The clearing house banks became more earnest and enthusiastic, and contributed large sums to help the movement.

Resolutions were passed asking other organizations of the city to endorse the movement. The following committees were appointed: Captain John Landstreet and D. G. Whitehead, Mr. Sands also appeared at the same day, before the Richmond Chamber of Commerce and the Travelers' Protective Association, which organizations passed suitable resolutions and appointed committees.

The first meeting of the joint organizations was called on December 31, at 5:30 P. M., in the Business Men's Club, and the following organizations were represented by their respective committees:

Business Men's Club—Captain John Landstreet, D. G. Whitehead, Chamber of Commerce—J. C. Latre, Edmund Strudwick, S. Dabney, Grenshaw.

Travelers' Protective Association—Clarence Coleman, B. H. Randolph.

The City of Richmond—R. Lee Peters, W. H. Adams.

Temporary Committee Representing Banks—Oliver J. Sands, John Kerr Branch.

The meeting also included the following, who were invited to contribute to the committee: E. A. Saunders, Jr., H. E. Litchford, Thomas B. McAdams, H. W. Jackson, George J. Seay, Fred W. Scott, W. T. Dabney, C. P. Walford, Jr.

O. J. Sands was elected as temporary chairman, C. P. Walford, Jr., temporary secretary, and Clarence Coleman, chairman of the finance committee.

At this meeting all of the organizations in the city of Richmond were requested to appoint similar committees, and in answer to this request the following committees were appointed by the respective organizations, which composed the general committee which is known as the Committee on Locating the Federal Reserve Bank in Richmond.

Executive Committee—Oliver J. Sands, chairman; E. L. Bemis, Edmund Strudwick, John Landstreet, R. H. Randolph, John Kerr Branch, R. Lee Peters, W. H. Adams, George J. Seay, George C. Gregory, executive secretary, C. P. Walford, Jr., recording secretary, John Kerr Branch, chairman; George C. Gregory, executive secretary; C. P. Walford, Jr., treasurer. Banks—O. J. Sands, John Kerr Branch, James N. Boyd, E. L. Bemis, J. B. Purcell.

Retail Merchants' Association—W. S. Rhoads, H. Kaufman.

United Commercial Travelers—W. T. Shephard, Olsen Hope.

Real Estate Exchange—O. H. Funsten, John C. Easley.

Tobacco Exchange—Leon Walenstein, John Freeman.

Rotary Club—John Bagby, H. W. Rountree.

Tobacco Exchange—John M. Taylor, Will L. Hazell.

As the work progressed various members were added to the joint committee as follows: W. T. Dabney, A. J. Montague, J. G. Walker, Meade T. Spicer, George Bryan, R. S. Smith, D. W. Durrett, P. L. Conquest, W. H. White, R. Latimer Gordon, John M. Miller, Jr., Walter H. Miles, W. R. Meredith, W. P. Taylor, Fritz Sitterling, Egbert G. Leigh, Jr., W. H. Warren, Hugh Campbell, H. M. Kent, Jr., Charles Hutzler, H. M. Phillips, A. L. Adamson, H. R. Pollard, Jr., Mayor George Ainslie, A. Langhorne Putney, George W. Stevens, Leigh R. Page, Thomas Gresham, T. M. Carrington, Woodson P. Wadley, John H. Hill, George W. Kolner, Milton Cone, E. B. Addison, Milton Marceau, H. M. Smith,

J. Coleman Wortham, John S. Munce, J. Alston Cabell, J. R. Paschall, J. T. Wilson, O. E. Parrish, Dr. S. C. Mitchell, W. M. Habblston, J. C. Beasley.

John Kerr Branch, Chairman.

John Kerr Branch was elected permanent chairman of the general committee, and J. R. Paschall, J. T. Wilson, O. E. Parrish, Dr. S. C. Mitchell, W. M. Habblston, J. C. Beasley, executive committee; George C. Gregory, executive secretary; C. P. Walford, Jr., recording secretary and treasurer, and Clarence Coleman, chairman of the finance committee. After raising about \$3,000, owing to business reasons Mr. Coleman was compelled to resign as chairman of this committee, and Alvin M. Smith was elected chairman to succeed Mr. Coleman as the head of the following finance committee: G. C. Dula, A. M. Smith, P. C. Christian, Hugh Antrim, Meade T. Spicer, H. C. Bosler, W. D. Stuart, E. L. Saunders, Jr., W. D. Morton, W. H. Harlow, C. C. Reed, Milton Cone, Nathan Simon, S. S. Rosendorf, Dr. Charles V. Carrington, J. T. Palmatary, J. G. Corley, Dr. C. H. Rudd, J. E. Woodfin, E. A. Fitch, W. H. Adams, Oscar Parrish, Charles Rose, Stanley Reed, O. H. Funsten, Coleman Wortham, Aaron Clarke, W. S. Rhoads, I. H. Kaufman, H. L. Bloomberg, R. W. Carrington, Walker, Cottrell, C. E. Snow, W. B. Broadbush, J. P. Ryland, W. D. Gresham, John Bagby, Charles Watkins, Dr. H. W. Street, A. L. Adamson, J. C. Easley, R. Latimer Gordon.

The slogan adopted was "A Southern Bank for the Southern People."

Meetings were continuously held both day and night and even on Sunday. Field committees were established in the following cities: Birmingham, Ala., and Houston, Texas—Fred W. Scott, George Cole Scott, Berkeley Williams, John M. Miller, Jr., H. E. Litchford, W. T. Dabney and Jonathan Bryan.

Field committee in Tennessee—D. W. Durrett, W. P. Wadley, P. L. Conquest, Jr., A. L. McClellan.

Field committee in West Virginia—Alvin M. Smith, Thomas B. McAdams, A. P. Ryland, W. D. Morton, W. Meade Addison, John M. Miller, Jr.

Field committee in Kentucky—R. M. Kent, Jr., W. P. Wadley, George H. Keesee, W. T. Dabney.

Georgia—Field committee—Thomas B. McAdams, Oliver J. Sands, Julien H. Hill, John B. Purcell, R. Latimer Gordon, W. E. Morton, W. F. Augustine.

Field committee in North and South Carolina—Horace F. Smith, George J. Seay, W. T. Dabney, John M. Miller, Jr., Thomas B. McAdams, H. E. Litchford, H. W. Jackson, C. C. Pinckney.

Washington—A wonderful co-operative spirit was shown by the railroads, banks and commercial houses and organizations in contributing information and data to be compiled and used in the brief, a great deal of which is usually considered confidential.

James Bolton, of the firm of Bolton, Clarke & Pratt, engineers, very liberally contributed his services in preparing the maps used in the brief, and furnished a great deal of useful data. The Hoen Lithographing Company without cost, lithographed all maps used in the brief.

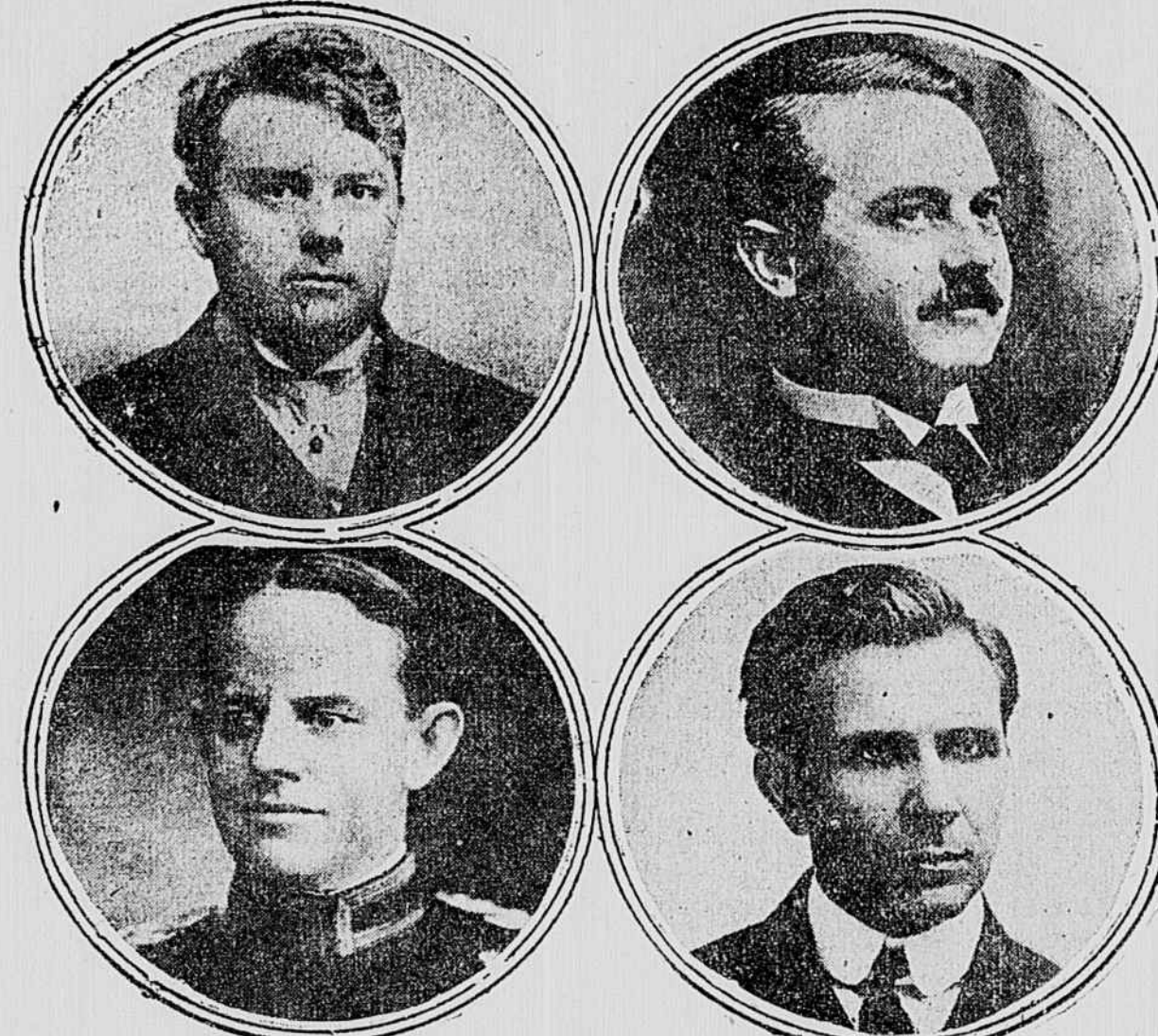
One of the strongest arguments used by Richmond, and which it was felt greatly reinforced the statements, was the hearty support received from friends in North and South Carolina and adjoining States and without the aid of George A. Holderness, president of the North Carolina Bankers' Association; Colonel John F. Bruton, Joseph G. Brown, J. Elwood Cox, of North Carolina; Messrs. R. G. Rhett and N. W. Norwood, of South Carolina; and G. Wallace, of West Virginia. It is very doubtful whether Richmond would have succeeded in her fight for the bank.

Richmond committee appearing before the organization committee in Washington, January 15—George J. Seay, Oliver J. Sands, T. M. Carrington, Dr. S. C. Mitchell, W. T. Reed; Senator J. R. Saunders, representing Virginia Senate.

Citizens from other States appeared.

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Chief Factors in Bank Campaign



JOHN KERR BRANCH, GEORGE J. SEAY.

OLIVER J. SANDS, GEORGE C. GREGORY.

RICHMOND CHOICE OF WHOLE REGION

Manner in Which State Stood by City Without Parallel in Virginia History.

HAD CONVINCING ARGUMENT

Virginians Take Leading Part in Enactment of Law and Creation of Districts.

Richmond's successful fight for the Federal reserve bank is without parallel in its history of big accomplishments.

Considering the territory to be served by eight or twelve regions, the effort to have this city designated seemed well-nigh hopeless, but when the committee organized and went to work, when banks and commercial bodies in other cities and other States gave their hearty encouragement and strong endorsement, rivals for the honor realized that Richmond was the town to which the first time in many years the whole State of Virginia was united in behalf of its capital. This of itself would have been worth the cost if the city had failed to be named as one of the regional reserve cities. Everybody and every organization in Richmond stood together and worked.

In no manner honor to be declared by the government of the United States to be one of the great financial centers of the country. It is an advertisement to the city which will be of great value to the city.

Had to Convince All.

With a Richmond man on the organization committee, charged with the duty of naming the reserve cities, the local committee realized that it had to present an array of facts which would convince his associates that this was the proper location. Whatever felt in the city of his birth, the responsibility was too great to be met by sentiment. John Skelton Williams' friends did not base their hopes upon his vote. In the great work before him he could not and would not be guided by the wishes of his loved McAdoo and Houston had to be convinced.

Virginia people take pardonable pride in the fact that the chief city in Virginia has been named, for Virginians have had much to do with the passage of the new law which is expected to revolutionize the financial situation of the country. Congressman Carter Glass, copatron of the currency bill, and the man who carried it through the House of Representatives and who opened the eyes of the nation to the need of a better system, is a Virginian representative from the Sixth Congressional District.

Senator Robert L. Owen, of Oklahoma, who did in the Senate what Glass did in the House, was born in Virginia. Almost across the street from the Glass home, President Wilson, without whose aid there could not have been any reform in the currency, was born in Virginia. Another Virginian who will have much to do with the successful operation of the law is John Skelton Williams, Comptroller of the Currency.

Choice of Its Region.

One of the strongest arguments which satisfied the local committee was the fact that it was the choice of practically the whole of the nation to have Richmond, a big factor in the country, considered by the organization committee. Volunteers who went into the field found many contestants, many second choices, but they presented arguments that could not be named by

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WHAT RESERVE BANK MEANS TO RICHMOND

Expected to Start With Capital Which Will Largely Exceed \$5,000,000.

GREAT FINANCIAL CENTRE

Bank to Employ Large Working Force, With Nine Directors in Charge

BY OLIVER J. SANDS.

Under the present national banking system, which has been in successful operation since the Civil War, there have been certain cities set apart by law, in which the national banks are required to carry a portion of their reserve money. Through the operation of this law, the cities so designated have become the financial centers of the country, and the accumulation of what is called "the liquid" capital of the country in these few centers, has given these cities a marked advantage in all commercial and financial operations. Natural laws of trade and commerce have had much to do with the upbuilding of these cities and sections, but where such natural laws were aided and supplemented by the operation of the old reserve system, it has given great financial advantage and prestige to these reserve cities, especially the central reserve cities of New York, Chicago and St. Louis.

Divided Into Districts.

Under the operation of the new Federal reserve bank act, it is provided that the country be divided into not less than eight or more than twelve districts, and in each of these twelve districts there is to be one city designated as a Federal reserve city; all national banks within that district are required to become members of the Federal Reserve Association of that district, and are to subscribe 6 per cent of their capital and surplus to the stock of the Federal reserve bank of that district.

The law requires that the district shall be apportioned with due regard to the convenience and customary course of business, and shall not necessarily be coterminous with any State or States. Therefore, it is plainly to be seen that the Organization Committee was charged with the duty of dividing the country into districts, which would be to the best interest of the people of the whole country, and that the cities designated as reserve cities must have proven themselves to be the natural centers for such districts.

After most careful, exhaustive and expert consideration, which has been given this subject, for a city to have been so chosen and designated is of itself an honor of which any city may be proud, and the prestige which is bound to follow from being so designated is of inestimable advertising value.

Like Bank of England.

The establishment and operation of an institution of such momentous power and wide influence as the Federal Reserve Bank of Richmond will have, will give to the city of Richmond great prominence and will centre here the whole financial operations of this large and wonderfully prosperous territory. The Federal reserve bank of this district will be this district as the Bank of England is to the British Isles. As is well known, it was at one time considered that one central bank similar to that of the Bank of England or a very great central institution

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BANK STARTS WITH \$4,000,000 CAPITAL

Law Fixes Minimum, but Richmond District Capital Will Exceed \$6,000,000.

HOW DIRECTORS ARE NAMED

Nine Members on Board, Six of Whom Are Elected by Member Banks.

The Richmond Federal Reserve Bank, when formally organized, must start business with a capital of not less than \$4,000,000, although bankers believe that the actual capital at the beginning will be in the neighborhood of \$6,000,000. Having been designated by the organization committee, the first business move in to find a proper home for an institution which will be conducted on a tremendous scale, and which will employ a large number of people. Early in the campaign the local committee was advised that a suitable home could be provided without difficulty.

Under the Federal reserve act the United States was to be divided into districts—not less than eight and not more than twelve. The district to be served by Richmond includes some of the most prosperous territory in the country.

A Big Bank for Banks.

While the law is new and intricate, so far as the lay mind goes, it is not difficult of understanding by men who are trained in the technical profession of banking. Very often the question has been asked if the Richmond Federal Reserve Bank will receive deposits from the public. It will not. It will be a big bank for banks. Each bank in the district must subscribe to its capital and surplus. There will be shares to be sold to the public, though no person or corporation can buy more than \$25,000 of stock. On its feet, the reserve bank will pay dividends, and the act assumes that there will be a large surplus dividend for the Treasury of the United States.

If the law operates as successfully as its advocates contend, the financial conditions in all sections will be improved to a marvelous extent. Every national bank must become a member; by failing to do so its charter is surrendered. All State banks with a capital of \$200,000 may become members, although it is not required that they do so. Membership by State banks and all trust companies organized under a State charter is optional.

Much in the act which relates to the establishment of a Federal reserve bank is not of especial interest to the public. The public knows that it is to be a bank for banks, and that it will be governed by a board of directors to be named in the manner prescribed by law.

Conducted by Board of Directors.

The Richmond Federal Reserve Bank will be conducted under the supervision and control of a board of directors. This board must perform the duties usually pertaining to the office of directors of banking institutions. It is subject to the provisions of the law and the orders of the Federal Reserve Board. It must extend to each member bank such discounts, advancements and accommodations as may be safely and reasonably made, with due regard for the claims and demands of other member banks.

The board of directors, holding office for three years, consists of nine members, and is divided into three classes, known as A, B and C. Class A is to consist of three members to be chosen by and be representatives of the stockholding banks. Class B is to consist of three members to be chosen by and be representatives of the stockholding banks.

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RICHMOND'S BRIEF PROVED ITS CLAIM FOR DESIGNATION

Document Aply and Clearly Set Forth Facts Which Convinced Organization Committee of City's Financial Superiority.

CONDITIONS AND ADVANTAGES SECOND TO NONE IN SOUTHERN TERRITORY

Point Emphasized That Banks in Region to Be Served by New Government Institution Had Strongly Indorsed Richmond After Careful Comparison With Advantages of Other Cities Contending for Recognition—Seay Shows How Branch Banks in Zone Will Answer Local Needs, and That Zone Will Be More Independent of Financial Considerations Which Have Bound It to Great Money Centres of the East.

Aside from all that was said and done, Richmond's brief, filed with the organization committee in Washington, abundantly set forth the reasons to prove that this city was justly entitled to a Federal reserve bank. In making up the list of cities to be designated, the committee found that it was a most remarkable document, remarkable in that it revealed conditions and advantages second to none in the territory immediately south of the Potomac River. The brief was convincing. Richmond's claim was based upon Richmond's financial strength and its ability to serve the section included in its region.

The brief was prepared by George J. Seay, on behalf of the committee representing Richmond. Its full text follows:

The territory mapped out by nature as the most perfect geographical division of this continent lies south of the Potomac River—east of the Appalachian Mountains—and extends to the Gulf. By reason of superior facilities of communication and consequent trade relations which have sprung up and become established, portions of contiguous States are now and long have been commercially allied with this territory.

It is, therefore, believed that one of the most sharply defined and perfect zones for the operation of a Federal reserve bank is embraced in the following named States: Virginia, North Carolina, South Carolina, Georgia, Florida, the southern half of West Virginia, part of Eastern Tennessee and part of Eastern Kentucky.

Since the organization committee has at all of its hearings sought and invited the expression of opinion, we now desire to express the conviction that the committee can render an inestimable service to the country, the value of which will grow with time, by designating the Federal reserve bank zone in harmony with commercial zones, determined by natural boundaries, so far as may be done in agreement with the act.

It has been recognized as desirable, for purposes of economic comparison, to cut the country into units or divisions.

Given a natural division of territory, and the conditions in it, financial and commercial, must always be more uniform than could otherwise be the case. The Federal reserve act has adopted six divisions—within State lines.

The Interstate Commerce Commission, for comparison of the operations of railroads, has made ten arbitrary divisions—within State lines.

Poor's Manual, a very high railroad authority of very long experience, makes eight divisions—within State lines.

The United States government has established nine judicial circuits, one of which comprises the States of Maryland, West Virginia, Virginia, North Carolina and South Carolina. Richmond was selected as that location for the Court of Appeals for this circuit, and the Chief Justice sits here.

There are no standard divisions. Comparisons by States will always be desirable and necessary, but these divisions are too numerous for economic purposes.

The Federal reserve act marks an epoch in the commercial and financial history of the United States, and while zones once determined may be readjusted, the service which can now be rendered to the country by the committee in fixing zones, which need not be coterminous with State lines, and therefore, are contemplated to be according to the natural divisions and conditions of the country, is of the very highest order.

In fixing the zone which we have mapped out, we have been guided by this principle, and, in presenting argument to prove that Richmond can better serve this zone than any other city in it, and that by reason of her commercial and financial pre-eminence she is entitled to be the location of a Federal reserve bank, we have endeavored to eliminate all irrelevant matters, and have confined ourselves to the consideration of the following points, all of which are involved in the operation of the act.

1. The importance of Richmond's geographical position—her facilities of communication, her convenience of location, and accessibility to members of the zone, and the advantages of her location in all banking transactions between the North and South.

2. The present trend of business, the present course of commercial transactions, the natural currents of exchange, the present banking and trade connections and banking customs of the people.

3. The natural advantages of Richmond's location with relation to other Federal reserve banks necessary to be established on the Atlantic Seaboard, in a territory embracing one-half of the national banking capital of the United States and 41 per cent of the population.

4. Comparative commercial importance in the territory covered, measured by capital, deposits and other banking transactions.

5. Diversity of industries and agriculture—in their effect upon seasonal demand for credit and currency.

6. Necessity of having capital resources to handle the business of the district.

1. The wishes and views of those engaged in banking and commerce in the district outlined as to the location of their regional bank.

In presenting our case we shall be compelled to state facts and figures such as we know to be within the knowledge of the committee, and with which by now we fear they may be surfeited. We desire to bring these facts together and present them in such form and manner as will serve for convenient reference, and to make more clear their relations to each other and their bearing upon our position.

Addressing ourselves to these facts in their order:

1.—The Unsurpassed Advantage of Richmond in Geographical Position.

Practically and effectively on the Atlantic Seaboard, about midway of the coast, reaping the greatest advantage of the favoring curve; opposite the gap in the Appalachian Mountains, giving the shortest, easiest and quickest way between the East and the Middle West; within one hour and a half of the greatest of Atlantic harbors, and being now under way to make it the shortest, easiest and quickest communication by rail and water with all other parts of the coast and easily accessible to the ocean commerce of the world. Rear Admiral Stanford has just made the following report on this harbor:

"The most frequent mobilizations of the fleet are in Hampton Roads, and large ships ordinarily assigned to other quarters, find this point proceeding to and from the Gulf of Mexico and the Indian. In view of this central location and the use of Hampton Roads as a base of operations, there is greater need of repairs than at any other coast point."

Richmond's three north and south trunk lines, the Atlantic Coast Line, the Seaboard Air Line and the Western Railway—and we may be pardoned for reminding the committee that the genius, brains and energies of Richmond were very prominent in the development of the management of the first.

Two of the most important east and west trunk lines, the Chesapeake and Ohio and the Norfolk and Western—connect Richmond with the finest coal area in the world and the greatest natural producing area in this continent, with Valley Forge, within two hours and a half from Richmond, run the Virginia Railway from the West and the Norfolk and Southern from the South.

All of this is well known to you; but necessary to be stated for the logical bearing of our argument.

We wish to impress upon the committee the natural advantages of the territory surrounding Hampton Roads, because it is generally regarded as inevitable that the heaviest population of the State will be divided between P. Austin, for after years Chief of the Bureau of Statistics of the Department of Commerce, in a report on the zone which we have mapped out, which report fully confirms our own argument and position and accords with the brief, refers to "the possibilities of the great harbor at Hampton Roads becoming the natural gateway for the Atlantic shipping with its enormous production for foreign markets." He also states that "the officers of the 105th and harbor works on the water frontage from the upper Potomac to the western coast of Florida, report the value of the water-borne freight trade at these places in 1912 at the enormous sum of \$1,850,000,000, about one-half of which is at Hampton Roads."

We believe that this region must and will have an economic development which will far surpass any equal area in the Atlantic States, all of which has a practical and most intimate bearing upon Richmond as the location of a Federal reserve bank for the South Atlantic States.

Reverting to Richmond's railroad facilities, they place her within eighteen hours of all the important cities within the district defined, with the exception of part of the most southern territory, and reference is made to the map and time-table accompanying.

She is, therefore, in a position to ship with the greatest promptness and un-